

**UNIFIED SCHOOL DISTRICT NO. 409**  
Atchison, Kansas

**STATUTORY BASIS FINANCIAL STATEMENTS**  
For the year ended June 30, 2011

And

**INDEPENDENT AUDITORS' REPORTS**

**Long CPA, PA**  
**A Professional Association**  
**Certified Public Accountants**

UNIFIED SCHOOL DISTRICT NO. 409

Atchison, Kansas

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UNIFIED SCHOOL DISTRICT NO. 409

Atchison, Kansas

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Board of Education  
Unified School District No. 409  
Atchison, Kansas

## INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

We have audited the financial statements of the individual funds of Unified School District No. 409, Atchison, Kansas, as of and for the year ended June 30 2011, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the Kansas Municipal Audit Guide and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, Unified School District No. 409 has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonable determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 409 as of June 30, 2011, or the changes in its financial position for the year then ended.

Board of Education  
Unified School District No. 409  
Atchison, Kansas

In our opinion the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the Unified School District No. 409, as of June 30, 2011, and its cash receipts and expenditures, budgetary comparisons, and changes in long-term debt and long-term debt maturities for the year then ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated October 21, 2011, on our consideration of Unified School District No. 409's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Unified School District No. 409's basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of findings and questioned costs are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of Unified School District No. 409. The schedule of expenditures of federal awards and schedule of findings and questioned costs have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read 'Long CPA, PA'.

Long CPA, PA  
A Professional Association  
Certified Public Accountant

October 21, 2011

USD #409 ATCHISON, KANSAS  
Summary of Cash Receipts, Expenditures, and Unencumbered Cash  
For the Year Ended June 30, 2011

Funds Governmental Type Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Funds							
General	\$ (962,629)	\$ -	\$ 11,326,276	\$ 11,155,548	\$ (791,901)	\$ -	\$ (791,901)
Supplemental General	(93,360)	-	3,659,811	3,560,000	6,451	-	6,451
Special Revenue Funds							
4-year old at risk	37,655	-	80,167	79,256	38,566	-	38,566
K-12 at risk	171,602	-	3,129,232	3,078,265	222,569	-	222,569
Capital outlay	2,192,330	-	369,504	496,636	2,065,198	-	2,065,198
Driver education	6,157	-	5,456	6,170	5,443	-	5,443
Food service	250,225	-	880,505	725,882	404,848	-	404,848
KPRS special retirement contribution	-	-	456,930	456,930	-	-	-
Professional development	150,872	-	158,226	80,420	228,678	-	228,678
Parent education	-	-	17,300	17,300	-	-	-
Special education	700,000	-	3,507,290	3,368,275	839,015	-	839,015
Vocational education	68,601	-	364,157	359,711	73,047	-	73,047
Gifts and grants	61,302	-	48,026	51,447	57,881	-	57,881
Contingency reserve	1,114,560	-	-	137,999	976,561	-	976,561
Textbook rental	358,866	-	108,757	120,876	346,747	-	346,747
Title I	(5,547)	-	630,853	602,402	22,904	-	22,904
Title II	468	-	5,684	2,574	3,578	-	3,578
Title IIA	-	-	125,701	96,469	29,232	-	29,232
Carl Perkins	-	-	21,667	21,667	-	-	-
Title IID	12	-	6,158	6,170	-	-	-
Gate receipts	13,286	-	90,210	90,572	12,924	-	12,924
District activity funds	113,453	-	164,606	154,521	123,538	-	123,538
Debt service fund:							
Bond and interest	1,341,046	-	2,030,039	1,846,663	1,524,422	-	1,524,422
Total primary government							
Component unit:							
Atchison Recreation Commission: General	5,518,899	-	27,186,555	26,515,753	6,189,701	-	6,189,701
Atchison Recreation Commission: Employee Benefit	170,586	-	382,494	360,108	192,972	-	192,972
Total component unit	29,426	-	50,697	56,873	23,250	-	23,250
Total reporting entity (excluding agency funds)	200,012	-	433,191	416,981	216,222	-	216,222
Total reporting entity (excluding agency funds)	5,718,911	-	27,619,746	26,932,734	6,405,923	-	6,405,923
Composition of Cash							
Checking Accounts							
Petty Cash							\$ 6,254,481
Total Component Unit							1,800
Total Cash							216,222
Agency Funds per Statement 4							6,472,503
Total Reporting Entity							66,580
Total Reporting Entity							\$ 6,405,923

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
Summary of Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

Funds	Certified Budget	Adjustments to Comply with Legal Max	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Favorable (Unfavorable)
General fund	\$ 11,104,702	\$ -	\$ 50,846	\$ 11,155,548	\$ 11,155,548	\$ -
Supplemental General	3,560,000	0	0	3,560,000	3,560,000	-
4-year old at risk	80,221	0	0	80,221	79,256	965
K-12 at risk	3,078,559	0	0	3,078,559	3,078,265	294
Capital outlay	2,359,881	0	0	2,359,881	496,636	1,863,245
Driver education	11,797	0	0	11,797	6,170	5,627
Food service	1,189,094	0	0	1,189,094	725,882	463,212
KPERS special retirement contribution	924,695	0	0	924,695	456,930	467,765
Professional development	240,871	0	0	240,871	80,420	160,451
Parent education	17,300	0	0	17,300	17,300	0
Special education	3,878,926	0	0	3,878,926	3,368,275	510,651
Vocational education	392,758	0	0	392,758	359,711	33,047
Gifts and grants	131,301	0	0	131,301	51,447	79,854
Bond and interest	1,776,468	0	0	1,776,468	1,846,663	(70,195)
Atchison Recreation Commission: General	400,690	0	0	400,690	360,108	40,582
Atchison Recreation Commission: Employee Benefit	60,000	0	0	60,000	56,873	3,127

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
GENERAL FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,277,032	\$ 1,187,040	\$ 89,992
Delinquent tax	18,423	21,606	(3,183)
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants	525,466	191,009	334,457
State aid/grants	9,454,509	9,705,047	(250,538)
Charges for services			-
Interest income			-
Miscellaneous revenues	50,846		50,846
Operating transfers			-
	<u>11,326,276</u>	<u>11,104,702</u>	<u>221,574</u>
<b>EXPENDITURES</b>			
Instruction	3,623,960	3,769,405	145,445
Student support services	256,681	237,968	(18,713)
Instruction support staff	110,378	126,776	16,398
General administration	426,356	460,475	34,119
School administration	883,415	882,966	(449)
Operations and maintenance	2,006,843	1,660,412	(346,431)
Student transportation services	418,020	471,953	53,933
Central support services			-
Other support services	74,600	74,322	(278)
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers	3,355,295	3,420,425	65,130
Adjustment to comply with legal max		-	-
Adjustment for qualifying budget credits		50,846	50,846
	<u>11,155,548</u>	<u>\$ 11,155,548</u>	<u>\$ -</u>
<b>Total Expenditures</b>			
Receipts Over (Under) Expenditures	170,728		
Unencumbered Cash, Beginning	(962,629)		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ (791,901)</u>		

See Note 12 (Cash Basis Exception)

See Note 13 (Statutory Presentation)

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
SUPPLEMENTAL GENERAL FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,344,578	\$ 1,558,164	\$ (213,586)
Delinquent tax	24,292	24,910	(618)
Motor vehicle tax	179,255	183,137	(3,882)
RV tax	1,597	1,903	(306)
Mineral production tax			-
Federal grants	-		-
State aid/grants	2,110,089	1,867,519	242,570
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers			-
	<u>3,659,811</u>	<u>3,635,633</u>	<u>24,178</u>
<b>EXPENDITURES</b>			
Instruction	445,477	838,270	(392,793)
Student support services			-
Instruction support staff	194,332	206,302	(11,970)
General administration			-
School administration	72,175	80,000	(7,825)
Operations and maintenance	48,498	50,000	(1,502)
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers	2,799,518	2,385,428	414,090
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>3,560,000</u>	<u>\$ 3,560,000</u>	<u>\$ -</u>
<b>Total Expenditures</b>			
	<u>3,560,000</u>	<u>\$ 3,560,000</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	99,811		
Unencumbered Cash, Beginning	(93,360)		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 6,451</u>		

See Note 12 (Cash Basis Exception)

See Note 13 (Statutory Presentation)

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
 AT RISK FUND (4-year old)  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers	<u>80,167</u>	<u>42,567</u>	<u>37,600</u>
Total Cash Receipts	<u>80,167</u>	<u>42,567</u>	<u>37,600</u>
<b>EXPENDITURES</b>			
Instruction	79,256	80,221	965
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>79,256</u>	<u>\$ 80,221</u>	<u>\$ 965</u>
Receipts Over (Under) Expenditures	911		
Unencumbered Cash, Beginning	37,655		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 38,566</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
 AT RISK FUND (K-12)  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers	<u>3,129,232</u>	<u>2,923,987</u>	<u>205,245</u>
Total Cash Receipts	<u>3,129,232</u>	<u>2,923,987</u>	<u>205,245</u>
<b>EXPENDITURES</b>			
Instruction	2,681,596	2,666,215	(15,381)
Student support services	165,695	174,571	8,876
Instruction support staff	86,770	88,779	2,009
General administration			-
School administration	116,064	119,700	3,636
Operations and maintenance	28,140	29,294	1,154
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>3,078,265</u>	<u>\$ 3,078,559</u>	<u>\$ 294</u>
Receipts Over (Under) Expenditures	50,967		
Unencumbered Cash, Beginning	171,602		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 222,569</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
CAPITAL OUTLAY FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 219,569	\$ 204,426	\$ 15,143
Delinquent tax	4,873	4,898	(25)
Motor vehicle tax	36,508	37,181	(673)
RV tax	325	386	(61)
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income	16,469		16,469
Miscellaneous revenues	91,760		91,760
Operating transfers			-
	<u>369,504</u>	<u>246,891</u>	<u>122,613</u>
<b>EXPENDITURES</b>			
Instruction	94,165	500,000	405,835
Student support services			-
Instruction support staff			-
General administration			-
School administration		1,058,416	1,058,416
Operations and maintenance	366,238	500,000	133,762
Student transportation services	5,561	100,000	94,439
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services	30,672	201,465	170,793
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>496,636</u>	<u>\$ 2,359,881</u>	<u>\$ 1,863,245</u>
Receipts Over (Under) Expenditures	(127,132)		
Unencumbered Cash, Beginning	2,192,330		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 2,065,198</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
 DRIVER TRAINING FUND  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants			-
State aid/grants	1,036	1,400	(364)
Charges for services	4,420	4,300	120
Interest income			-
Miscellaneous revenues			-
Operating transfers			-
	<u>5,456</u>	<u>5,700</u>	<u>(244)</u>
Total Cash Receipts			
EXPENDITURES			
Instruction	6,015	10,197	4,182
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance	155	1,600	1,445
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>6,170</u>	<u>11,797</u>	<u>5,627</u>
Total Expenditures			
Receipts Over (Under) Expenditures	(714)		
Unencumbered Cash, Beginning	6,157		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 5,443</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
FOOD SERVICE FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants	625,615	586,659	38,956
State aid/grants	8,791	7,689	1,102
Charges for services	246,099	344,520	(98,421)
Interest income			-
Miscellaneous revenues			-
Operating transfers			-
	<u>          </u>	<u>          </u>	<u>          </u>
Total Cash Receipts	<u>880,505</u>	<u>938,868</u>	<u>(58,363)</u>
<b>EXPENDITURES</b>			
Instruction			-
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance	217	213,760	213,543
Student transportation services			-
Central support services			-
Other support services			-
Food service operations	725,665	975,334	249,669
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenditures	<u>725,882</u>	<u>\$ 1,189,094</u>	<u>\$ 463,212</u>
Receipts Over (Under) Expenditures	154,623		
Unencumbered Cash, Beginning	250,225		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 404,848</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
 KPERS SPECIAL RETIREMENT CONTRIBUTION FUND  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants			-
State aid/grants	456,930	924,695	(467,765)
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers			-
	<u>456,930</u>	<u>924,695</u>	<u>(467,765)</u>
Total Cash Receipts			
<b>EXPENDITURES</b>			
Instruction	307,921	793,695	485,774
Student support services	24,644	30,000	5,356
Instruction support staff	14,372	5,000	(9,372)
General administration	17,386	15,000	(2,386)
School administration	35,337	35,000	(337)
Operations and maintenance	28,731	25,000	(3,731)
Student transportation services	12,480	8,000	(4,480)
Central support services			-
Other support services	2,838	3,000	162
Food service operations	13,221	10,000	(3,221)
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>456,930</u>	<u>\$ 924,695</u>	<u>\$ 467,765</u>
Total Expenditures			
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Prior Year Cancelled Encumbrances	-		
	<u>-</u>		
Unencumbered Cash, Ending	\$ <u>-</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
PROFESSIONAL DEVELOPMENT FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues	8,226		8,226
Operating transfers	<u>150,000</u>	<u>90,000</u>	<u>60,000</u>
Total Cash Receipts	<u>158,226</u>	<u>90,000</u>	<u>68,226</u>
<b>EXPENDITURES</b>			
Instruction			-
Student support services			-
Instruction support staff	80,420	240,871	160,451
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>80,420</u>	<u>\$ 240,871</u>	<u>\$ 160,451</u>
Receipts Over (Under) Expenditures	77,806		
Unencumbered Cash, Beginning	150,872		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	\$ <u>228,678</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
PARENT EDUCATION FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers	<u>17,300</u>	<u>17,300</u>	<u>-</u>
Total Cash Receipts	<u>17,300</u>	<u>17,300</u>	<u>-</u>
<b>EXPENDITURES</b>			
Instruction			-
Student support services	17,300	17,300	-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>17,300</u>	<u>\$ 17,300</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Prior Year Cancelled Encumbrances	-		
Unencumbered Cash, Ending	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
SPECIAL EDUCATION FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants	1,092,424	770,584	321,840
State aid/grants		500	(500)
Charges for services			-
Interest income			-
Miscellaneous revenues	910		910
Operating transfers	<u>2,413,956</u>	<u>2,311,237</u>	<u>102,719</u>
Total Cash Receipts	<u>3,507,290</u>	<u>3,082,321</u>	<u>424,969</u>
<b>EXPENDITURES</b>			
Instruction	2,551,781	3,053,811	502,030
Student support services	549,073	554,476	5,403
Instruction support staff			-
General administration	118,523	129,132	10,609
School administration			-
Operations and maintenance			-
Student transportation services	148,898	141,507	(7,391)
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>3,368,275</u>	<u>\$ 3,878,926</u>	<u>\$ 510,651</u>
Receipts Over (Under) Expenditures	139,015		
Unencumbered Cash, Beginning	700,000		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 839,015</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
 VOCATIONAL EDUCATION FUND  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2010

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers	<u>364,157</u>	<u>324,157</u>	<u>40,000</u>
Total Cash Receipts	<u>364,157</u>	<u>324,157</u>	<u>40,000</u>
<b>EXPENDITURES</b>			
Instruction	359,711	392,758	33,047
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>359,711</u>	<u>\$ 392,758</u>	<u>\$ 33,047</u>
Receipts Over (Under) Expenditures	4,446		
Unencumbered Cash, Beginning	68,601		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 73,047</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
 GIFTS AND GRANTS FUND  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues	48,026	70,000	(21,974)
Operating transfers			-
	<u>48,026</u>	<u>70,000</u>	<u>(21,974)</u>
Total Cash Receipts			
	<u>48,026</u>	<u>70,000</u>	<u>(21,974)</u>
<b>EXPENDITURES</b>			
Instruction	49,447	131,301	81,854
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance	2,000		(2,000)
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>51,447</u>	<u>131,301</u>	<u>79,854</u>
Total Expenditures			
	<u>51,447</u>	<u>\$ 131,301</u>	<u>\$ 79,854</u>
Receipts Over (Under) Expenditures	(3,421)		
Unencumbered Cash, Beginning	61,302		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 57,881</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
BOND AND INTEREST FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,185,946	\$ 1,104,585	\$ 81,361
Delinquent tax	17,998	18,690	(692)
Motor vehicle tax	124,971	128,570	(3,599)
RV tax	1,111	1,336	(225)
Mineral production tax			-
Federal grants			-
State aid/grants	700,013	710,588	(10,575)
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers			-
	<u>2,030,039</u>	<u>1,963,769</u>	<u>66,270</u>
<b>EXPENDITURES</b>			
Instruction			-
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service	1,846,663	1,776,468	(70,195)
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>1,846,663</u>	<u>\$ 1,776,468</u>	<u>\$ (70,195)</u>
<b>Total Expenditures</b>	<u>1,846,663</u>	<u>\$ 1,776,468</u>	<u>\$ (70,195)</u>
Receipts Over (Under) Expenditures	183,376		
Unencumbered Cash, Beginning	1,341,046		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 1,524,422</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
 RECREATION COMMISSION - GENERAL FUND  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 226,231	\$ 214,197	\$ 12,034
Delinquent tax	3,265	3,091	174
Motor vehicle tax	25,402	24,051	1,351
RV tax	263	249	14
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services	126,056	90,000	36,056
Interest income			-
Miscellaneous revenues	1,277		1,277
Operating transfers			-
	<u>382,494</u>	<u>331,588</u>	<u>50,906</u>
<b>EXPENDITURES</b>			
Instruction			-
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Community service operations	360,108	400,690	40,582
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>360,108</u>	<u>\$ 400,690</u>	<u>\$ 40,582</u>
<b>Total Expenditures</b>	<u>360,108</u>	<u>\$ 400,690</u>	<u>\$ 40,582</u>
 Receipts Over (Under) Expenditures	 22,386		
Unencumbered Cash, Beginning	170,586		
Prior Year Cancelled Encumbrances	<u>-</u>		
 Unencumbered Cash, Ending	 \$ <u>192,972</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
 RECREATION COMMISSION - EMPLOYEE BENEFITS FUND  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 45,012	\$ 44,235	\$ 777
Delinquent tax	838	824	14
Motor vehicle tax	4,797	4,714	83
RV tax	50	49	1
Mineral production tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers			-
	<u>50,697</u>	<u>49,822</u>	<u>875</u>
<b>Total Cash Receipts</b>			
	<u>50,697</u>	<u>49,822</u>	<u>875</u>
<b>EXPENDITURES</b>			
Instruction			-
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Community service operations	56,873	60,000	3,127
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>56,873</u>	<u>60,000</u>	<u>3,127</u>
<b>Total Expenditures</b>			
	<u>56,873</u>	<u>\$ 60,000</u>	<u>\$ 3,127</u>
<b>Receipts Over (Under) Expenditures</b>	(6,176)		
Unencumbered Cash, Beginning	29,426		
Prior Year Cancelled Encumbrances	-		
	<u>-</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 23,250</u>		

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
 ANY NONBUDGETED FUNDS  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended June 30, 2011

	<u>Textbook</u>	<u>Contingency Reserve</u>	<u>Title I</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants			630,853
State aid/grants			
Charges for services	108,757		
Interest income			
Miscellaneous revenues			
Operating transfers			
	<u>          </u>	<u>          </u>	<u>          </u>
Total Cash Receipts	<u>108,757</u>	<u>-</u>	<u>630,853</u>
<b>EXPENDITURES</b>			
Instruction	110,851	137,999	602,402
Student support services			
Instruction support staff	10,025		
General administration			
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenditures	<u>120,876</u>	<u>137,999</u>	<u>602,402</u>
Receipts Over (Under) Expenditures	(12,119)	(137,999)	28,451
Unencumbered Cash, Beginning	358,866	1,114,560	(5,547)
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	\$ <u>346,747</u>	\$ <u>976,561</u>	\$ <u>22,904</u>

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
 ANY NONBUDGETED FUNDS  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended June 30, 2011

	<u>Title IV</u>	<u>Title IIA</u>
<b>CASH RECEIPTS</b>		
Taxes and Shared Revenue		
Ad valorem property tax	\$	\$
Delinquent tax		
Motor vehicle tax		
RV tax		
Mineral production tax		
Federal grants	5,684	125,701
State aid/grants		
Charges for services		
Interest income		
Miscellaneous revenues		
Operating transfers		
	<u>          </u>	<u>          </u>
Total Cash Receipts	<u>5,684</u>	<u>125,701</u>
<b>EXPENDITURES</b>		
Instruction	2,574	96,469
Student support services		
Instruction support staff		
General administration		
School administration		
Operations and maintenance		
Student transportation services		
Central support services		
Other support services		
Food service operations		
Student activities		
Facility acquisition and construction services		
Debt service		
Operating transfers		
Adjustment for qualifying		
budget credits		
	<u>          </u>	<u>          </u>
Total Expenditures	<u>2,574</u>	<u>96,469</u>
Receipts Over (Under) Expenditures	3,110	29,232
Unencumbered Cash, Beginning	468	0
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	\$ <u><u>3,578</u></u>	\$ <u><u>29,232</u></u>

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
 ANY NONBUDGETED FUNDS  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended June 30, 2011

	<u>Carl Perkins</u>	<u>Title IID</u>
<b>CASH RECEIPTS</b>		
Taxes and Shared Revenue		
Ad valorem property tax	\$	\$
Delinquent tax		
Motor vehicle tax		
RV tax		
Mineral production tax		
Federal grants	21,667	6,158
State aid/grants		
Charges for services		
Interest income		
Miscellaneous revenues		
Operating transfers		
	<u>          </u>	<u>          </u>
Total Cash Receipts	<u>21,667</u>	<u>6,158</u>
<b>EXPENDITURES</b>		
Instruction	20,596	6,170
Student support services		
Instruction support staff		
General administration	1,071	
School administration		
Operations and maintenance		
Student transportation services		
Central support services		
Other support services		
Food service operations		
Student activities		
Facility acquisition and construction services		
Debt service		
Operating transfers		
Adjustment for qualifying budget credits		
	<u>          </u>	<u>          </u>
Total Expenditures	<u>21,667</u>	<u>6,170</u>
Receipts Over (Under) Expenditures	-	(12)
Unencumbered Cash, Beginning	-	12
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
 AGENCY FUNDS  
 Statement of Cash Receipts and Cash Disbursements  
 For the Year Ended June 30, 2011

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Payroll liabilities				
Revolving	\$ <u>30,000</u>	\$ <u>89,934</u>	\$ <u>83,699</u>	\$ <u>36,235</u>
Atchison High School				
Arts Club	494	274	277	491
Cheerleaders	2,996	12,874	11,130	4,740
Junior class	570	4,970	4,847	693
Sophomore class	1,400	1,643	1,535	1,508
Freshman class	241	598	236	603
Senior class	1,258		693	565
DECA club	4	9,394	7,847	1,551
Gentleman's/Ladies club	352	400	531	221
Kayettes	125	-	-	125
National Honor Society	532	907	1,059	380
Newspaper	385	175	182	378
Redmen Committee	656	528	869	315
Sash	1,197	1,949	2,095	1,051
FACS	320	310		630
Sales Tax	157	837	784	210
Spanish Club	3,485	2,377	2,451	3,411
Student Council	119	2,178	2,271	26
RADD	62	507	224	345
YoDVD	59	783	238	604
Subtotal Atchison High School	<u>14,412</u>	<u>40,704</u>	<u>37,269</u>	<u>17,847</u>
Atchison Alternative School				
Activities	<u>1,310</u>	<u>1,734</u>	<u>1,443</u>	<u>1,601</u>
Subtotal Atchison Alternative School	<u>1,310</u>	<u>1,734</u>	<u>1,443</u>	<u>1,601</u>

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
 AGENCY FUNDS  
 Statement of Cash Receipts and Cash Disbursements  
 For the Year Ended June 30, 2011

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Atchison Middle School				
6th Grade Fundraise	\$ 1,388	\$ 2,596	\$ 3,183	\$ 801
7th Grade Fundraiser	1,038	4,853	4,872	1,019
8th Grade Fundraiser	922	4,657	4,746	833
Activity Fundraiser	41	1,330	-	1,371
Athletic Fundraiser	60	-	-	60
Gentleman's Club	49	389	-	438
Laminating film	1,087	-	-	1,087
Project Move	543	-	-	543
Science Olympiad	724	-	-	724
Spirit Squad	80	-	-	80
Sales Tax	63	68	-	131
Student Council	702	5,579	5,047	1,234
Subtotal Atchison Middle School	<u>6,697</u>	<u>19,472</u>	<u>17,848</u>	<u>8,321</u>
Atchison Elementary School				
Student Council	1,348	1,535	927	1,956
Gift Fund	38	500	485	53
Sales Tax	377	190	-	567
Subtotal Atchison Elementary School	<u>1,763</u>	<u>2,225</u>	<u>1,412</u>	<u>2,576</u>
Total	\$ <u><u>54,182</u></u>	\$ <u><u>154,069</u></u>	\$ <u><u>141,671</u></u>	\$ <u><u>66,580</u></u>

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
DISTRICT ACTIVITY FUNDS  
Statement of Cash Receipts, Expenditures, and Unencumbered Cash  
For the Year Ended June 30, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>Gate Receipts</b>							
Atchison Middle School	\$ 4,850	\$	\$ 6,832	\$ 7,753	\$ 3,929	\$	\$ 3,929
Atchison High School	8,436		83,378	82,819	8,995		8,995
Total gate receipts	<u>\$ 13,286</u>	<u>\$ -</u>	<u>\$ 90,210</u>	<u>\$ 90,572</u>	<u>\$ 12,924</u>	<u>\$ -</u>	<u>\$ 12,924</u>
<b>District Activity Funds</b>							
Atchison High School							
Art-instructional	1,290		1,285	250	2,325		2,325
A+ program	461		-	80	381		381
Business	1,907		-	149	1,758		1,758
Counseling	299		941	1,189	51		51
Graduated students	58		-	58	-		-
Debate	16		257	257	16		16
Drama	5,286		4,172	4,143	5,315		5,315
Driver education	-		4,615	4,514	101		101
English	2,058		2,162	825	3,395		3,395
Faculty lounge	3,033		1,527	897	3,663		3,663
Fund service miscellaneous	13		26	26	13		13
Forensics	-		358	-	358		358
Flags	168		-	-	168		168
Industrial arts-wood	1,184		4,116	3,763	1,537		1,537
FCA	350		-	-	350		350
Library	168		331	38	461		461
Math	10,238		1,047	481	10,804		10,804
Music-instrumental	-		2,580	2,489	11		11
Music-jazz	302		-	286	16		16
Music-vocal	1		1,346	1,347	-		-
Newspaper-Optimist	307		-	21	286		286
Participation	60		6,719	6,749	30		30
Petty Cash	508		185	185	500		500
Positive behavior system	16		-	-	16		16
Redman restaurant	188		569	608	149		149
Robotics	-		1,590	1,390	200		200
Science	5,354		8,380	4,162	9,572		9,572
Social science	1,495		2,896	2,216	2,175		2,175
Technology	50		2,391	2,366	75		75
Textbook	150		7,196	7,071	275		275
Yearbook	4,556		6,438	6,227	4,767		4,767
Subtotal School Projects	<u>39,508</u>	<u>-</u>	<u>61,047</u>	<u>51,787</u>	<u>48,768</u>	<u>-</u>	<u>48,768</u>

The notes to the financial statements are an integral part of this statement.

USD #409 ATCHISON, KANSAS  
DISTRICT ACTIVITY FUNDS  
Statement of Cash Receipts, Expenditures, and Unencumbered Cash  
For the Year Ended June 30, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>Atchison Middle School</b>							
Admissions	\$ 668	\$ -	\$ 1,751	\$ 1,957	\$ 462	\$ -	\$ 462
All school fundraiser	-	-	570	570	-	-	-
Art	1,158	-	1,428	173	2,413	-	2,413
AMS Memory Book	1,402	-	2,805	2,237	1,970	-	1,970
AMS Reward	852	-	-	226	626	-	626
Faculty lounge	189	-	2,074	1,993	270	-	270
Honor choir	192	-	476	324	344	-	344
Instrumental fundraiser	1,100	-	1,573	2,164	509	-	509
Instrumental reimbursable	115	-	-	-	115	-	115
Library	150	-	1,732	209	1,673	-	1,673
Participation	-	-	3,740	3,740	-	-	-
Pay for Sports	15,866	-	12,932	14,012	14,786	-	14,786
Petty cash	500	-	-	-	500	-	500
Sped life skills	50	-	287	164	173	-	173
Staff development	858	-	-	39	819	-	819
Technology fee	-	-	904	904	-	-	-
Geny	25	-	111	-	136	-	136
Textbook enrollment	-	-	4,348	4,348	-	-	-
<b>Subtotal Atchison Middle School</b>	<b>23,125</b>	<b>-</b>	<b>34,731</b>	<b>33,060</b>	<b>24,796</b>	<b>-</b>	<b>24,796</b>
<b>Atchison Elementary School</b>							
Accelerated reader	931	-	500	1,072	359	-	359
Atchison Singers	1,271	-	1,906	2,354	823	-	823
Behavior award	892	-	-	-	892	-	892
Book fair	-	-	13,546	13,538	8	-	8
Community Club for staff	19,990	-	12,816	11,634	21,172	-	21,172
Community Club field trip	6,327	-	8,782	8,505	6,604	-	6,604
Petty Cash	350	-	400	250	500	-	500
General	5,762	-	19,317	14,771	10,308	-	10,308
Library	2,884	-	425	2,523	786	-	786
Participation	1,860	-	1,200	2,860	200	-	200
Pond	568	-	-	-	568	-	568
Special	578	-	-	-	578	-	578
Technology	1,658	-	1,843	2,276	1,225	-	1,225
Textbook	7,749	-	8,093	9,891	5,951	-	5,951
<b>Subtotal Atchison Elementary School</b>	<b>50,820</b>	<b>-</b>	<b>68,828</b>	<b>69,674</b>	<b>49,974</b>	<b>-</b>	<b>49,974</b>
<b>Total District Activity Funds</b>	<b>\$ 113,453</b>	<b>\$ -</b>	<b>\$ 164,606</b>	<b>\$ 154,521</b>	<b>\$ 123,538</b>	<b>\$ -</b>	<b>\$ 123,538</b>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

USD No.409 is a municipal corporation governed by an elected seven member board. The district as an entity has been defined to include, on a combined basis, (a) USD No.409 (b) organizations for which USD No. 409 is financially accountable, and (c) other organizations for which the nature and significance of their relationship with USD No.409 are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Discretely presented component unit. The component unit section of these financial statements includes the financial data of the discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from the District. The governing body of this component unit is appointed by the District.

Recreation Commission USD No. 409 Recreation Commission oversees recreational activities. The Recreation commission operates a separate governing body but the District levies the taxes for the Recreation Commission and the Recreation commission has only the powers granted by statute, K.S.A. 12-1928. The Recreation Commission cannot purchase real property but can acquire real property by gift. The accounting policies of the USD No. 409 Recreation Commission are the same as those of the District.

Fund Descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the year 2011:

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Governmental Funds

General Fund and Supplemental General Fund – To account for the resources except those required to be accounted for in another fund.

Special Revenue Funds – To account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law or administrative action to be expended for specified purposes

Debt Service Funds – To account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt.

Fiduciary Funds

Trust and Agency Funds – To account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include expendable trust and agency funds.

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Departure from Generally Accepted Accounting Principles (GAAP)

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursement, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenues and matured principle and interest payable, and reservations of fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with United States generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

Reimbursed Expenses

Expenditures in the amount of \$ 50,846 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payment for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

**Budgetary Information**

Kansas Statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1<sup>st</sup>.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5<sup>th</sup>.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25<sup>th</sup>.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenues other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. The General Fund and Special Education Fund had budget amendments for the year 2011.

The statutes permit transferring budgeted amounts between accounts within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the city for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

**Budgetary Information (Continued)**

All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds and trust funds and the following special revenue funds:

Title IID Fund	Title IIA Fund
Title IV Fund	Carl Perkins
Contingency Reserve Fund	District Activity Funds
Title I Fund	Textbook Rental Fund

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

**Inventories and Prepaid Expenses**

Inventories and prepaid expenses which benefit future periods are recorded as expenditures.

**Use of Estimates**

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**NOTE 2 – Deposits and Investments**

**Deposits**

K.S.A. 9-1401 establishes the depositories which may be used by the district. The statute requires banks eligible to hold the district's funds have a main or branch bank in the county in which the district is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

NOTES TO FINANCIAL STATEMENTS

**NOTE 2 – Deposits and Investments (continued)**

**Deposits (continued)**

coverage. The district has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the district's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The district has no investment policy that would further limit its investment choices. The district had no investments during 2011.

**Concentration of Credit Risk**

State statutes place no limit on the amount the district may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the district's deposits may not be returned to it. State statutes require the district's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2011.

At June 30, 2011, the government's carrying amount of deposits was \$ 6,405,923 and the bank balance was \$ 8,609,058. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$ 250,000 was covered by federal depository insurance and the balance was collateralized with securities held by the pledging financial institutions' agents in the district's name.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Deposits and Investments (Continued)

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

NOTE 3 – Defined Benefit Pension Plan

**Plan Description** – USD No. 409 participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas; Topeka, KS 66603) or by calling 1-888-275-5737.

**Funding Policy** – K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414 (h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 8.57% of covered payroll. The State of Kansas contribution to KPERS for all school municipalities for the year ending June 30, 2011 received as of June 30 was \$188,684,352, Remaining balance due from the state of \$64,969,692 was received by July 12, 2011.

NOTE 4 – Risk Management

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the county carries commercial insurance. There have been no significant reductions in coverage from prior years and settlements have not exceeded coverage in the past three years.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – Compliance with Kansas Statutes**

There was a violation of K.S.A. 79-2935, the Kansas Budget law, in the Bond and Interest Fund during the period under examination.

**NOTE 6 – Compensated Absences**

Full time, twelve month, non-certified employees earn ten days of vacation time per year. After twelve years, fifteen days of vacation time are earned per year. Vacation time does not accumulate. Sick and emergency leave is accrued at the rate of one day per month worked during the year for all employees, with a maximum accumulation of ninety days. Any days accumulated over ninety are paid the following year at 65% of the beginning pay scale rates. Such pay is made in November after the end of the fiscal year. Certified staff members who retire and apply for KPERS receive their unused sick and emergency leave at their daily rate. The district has not computed or recorded the liability at year end.

**NOTE 7 – Indebtedness**

The District is subject to the statutes of the State of Kansas that limits the net bonded debt. The debt outstanding may not exceed 14% of the assessed value of all tangible taxable property within the District unless additional authority is granted by the Kansas State Board of Education. The amount of bonds outstanding is computed exclusive of certain bonds specifically exempted from this limitation. At June 30, 2011, the statutory limit for the district was \$11,595,456 thus creating excess indebtedness of \$ 6,894,544. The outstanding bond principal represents 22.32% of the District valuation. The District has received approval from the Kansas State Board of Education to exceed the general bond debt limitation on February 11, 2003.

**NOTE 8 – Contingency**

The District receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the District's management, such disallowances, if any, will not be significant to the District's financial statements.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 – Interfund Transactions**

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	At risk Fund (4 year olds)	K.S.A 72-6428	\$ 35,000
General Fund	Special Education Fund	K.S.A 72-6428	1,952,345
General Fund	At Risk Fund K-12	K.S.A 72-6428	1,367,950
Supplemental General Fund	At Risk Fund K-12	K.S.A 72-6428	1,761,283
Supplemental General Fund	At risk Fund (4 year olds)	K.S.A 72-6433	45,167
Supplemental General Fund	Special Education Fund	K.S.A 72-6433	461,611
Supplemental General Fund	Vocational Education Fund	K.S.A 72-6433	364,157
Supplemental General Fund	Professional Dev. Fund	K.S.A 72-6433	150,000
Supplemental General Fund	Parent Education Fund	K.S.A 72-6433	17,300

**NOTE 10 – Other Post Employment Benefits**

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

**NOTE 11 – Subsequent Events**

Subsequent events for management's review have been evaluated through October 21, 2011. The date in the prior sentence is the date the financial statements were available to be issued.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

NOTES TO FINANCIAL STATEMENTS

**NOTE 12 – Cash Basis Exception**

The State of Kansas statutes exempt all funds from a cash basis violation if the violation was as result of delayed payment by the state.

**NOTE 13 – Compliance with K.S.A. 72-6417 (d) and K.S.A. 72-6434 (d)**

K.S.A. 72-6417 (d) and K.S.A. 72-6434 (d) requires the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by the Statutes:

Note 13

USD #409 ATCHISON, KANSAS  
GENERAL FUND  
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,277,032	\$ 1,187,040	\$ 89,992
Delinquent tax	18,423	21,606	(3,183)
Motor vehicle tax			-
RV tax			-
Mineral production tax			-
Federal grants	525,466	191,009	334,457
State aid/grants	9,283,781	9,705,047	(421,266)
Charges for services			-
Interest income			-
Miscellaneous revenues	50,846		50,846
Operating transfers			-
	<u>11,155,548</u>	<u>11,104,702</u>	<u>50,846</u>
Total Cash Receipts			
<b>EXPENDITURES</b>			
Instruction	3,623,960	3,769,405	145,445
Student support services	256,681	237,968	(18,713)
Instruction support staff	110,378	126,776	16,398
General administration	426,356	460,475	34,119
School administration	883,415	882,966	(449)
Operations and maintenance	2,006,843	1,660,412	(346,431)
Student transportation services	418,020	471,953	53,933
Central support services			-
Other support services	74,600	74,322	(278)
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers	3,355,295	3,420,425	65,130
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits		50,846	50,846
	<u>11,155,548</u>	<u>\$ 11,155,548</u>	<u>\$ -</u>
Total Expenditures			
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Prior Year Cancelled Encumbrances	-		
	<u>-</u>		
Unencumbered Cash, Ending	\$ <u>-</u>		

Note 13

USD #409 ATCHISON, KANSAS  
SUPPLEMENTAL GENERAL FUND  
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,344,578	\$ 1,558,164	\$ (213,586)
Delinquent tax	24,292	24,910	(618)
Motor vehicle tax	179,255	183,137	(3,882)
RV tax	1,597	1,903	(306)
Mineral production tax			-
Federal grants			-
State aid/grants	1,861,429	1,867,519	(6,090)
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers			-
	<u>3,411,151</u>	<u>3,635,633</u>	<u>(224,482)</u>
<b>Total Cash Receipts</b>			
	<u>3,411,151</u>	<u>3,635,633</u>	<u>(224,482)</u>
<b>EXPENDITURES</b>			
Instruction	445,477	838,270	392,793
Student support services			-
Instruction support staff	194,332	206,302	11,970
General administration			-
School administration	72,175	80,000	7,825
Operations and maintenance	48,498	50,000	1,502
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers	2,799,518	2,385,428	(414,090)
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>3,560,000</u>	<u>\$ 3,560,000</u>	<u>\$ -</u>
<b>Total Expenditures</b>			
	<u>3,560,000</u>	<u>\$ 3,560,000</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	(148,849)		
Unencumbered Cash, Beginning	265,890		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	\$ <u>117,041</u>		

USD #409 ATCHISON, KANSAS  
Atchison, Kansas

NOTES TO FINANCIAL STATEMENTS

**Note 14 - Long Term Debt**

Changes in long-term liabilities for the District for the year ended June 30, 2011 were as follows:

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds										
Series 2001	3.30-4.85%	4/15/01	\$ 8,620,000	9/1/15	\$ 5,045,000	\$	\$ 775,000	\$ (775,000)	\$ 4,270,000	\$ 211,708
Series 2003	3.15-6.00%	6/1/03	9,850,000	9/1/22	9,475,000		145,000	(145,000)	9,330,000	346,506
Series 2004	3.00-5.20%	8/1/04	5,150,000	9/1/22	4,965,000		75,000	(75,000)	4,890,000	213,255
Leases										
Computer Equipment	2.90%	6/5/09	285,846	6/5/11	95,256		95,256	(95,256)	0	2,762
Total Long Term Debt					\$ 19,580,256	\$ 0	\$ 1,090,256	\$ (1,090,256)	\$ 18,490,000	\$ 774,231

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	2012	2013	2014	2015	2016	2017-2021	2022-2023	Total
Principal								
General Obligation Bonds	\$ 1,080,000	\$ 1,165,000	\$ 1,185,000	\$ 1,275,000	\$ 1,370,000	\$ 8,315,000	\$ 4,100,000	\$ 18,490,000
Special Assessment Bonds								
Certificates of Participation								
Capital Leases								
Revenue Bonds								
KDHE Loans								
Temporary Notes								
Total Principal	1,080,000	1,165,000	1,185,000	1,275,000	1,370,000	8,315,000	4,100,000	18,490,000
Interest								
General Obligation Bonds	727,271	680,351	630,098	575,523	516,483	1,745,984	173,840	5,049,550
Special Assessment Bonds								
Certificates of Participation								
Capital Leases								
Revenue Bonds								
KDHE Loans								
Temporary Notes								
Total Interest	727,271	680,351	630,098	575,523	516,483	1,745,984	173,840	5,049,550
Total Principal and Interest	\$ 1,807,271	\$ 1,845,351	\$ 1,815,098	\$ 1,850,523	\$ 1,886,483	\$ 10,060,984	\$ 4,273,840	\$ 23,539,550

# Long CPA, PA

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Board of Education  
Unified School District No. 409  
Atchison, Kansas

## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL COMPLIANCE REPORTING AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of Unified School District No. 409, Atchison, Kansas as of and for the year ended June 30, 2011, and have issued our report thereon dated October 21, 2011. In our report, our opinion was qualified due to the use of another comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Unified School District No. 409's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Unified School District No. 409's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

The bank accounts for the District had not been reconciled to the general ledger throughout the fiscal year. The District needs to implement procedures to verify that the balance in the bank accounts have been compared to computerized financial statements.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Unified School District No. 409's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read 'Long CPA, PA', with a stylized flourish at the end.

Long CPA, PA  
A Professional Association  
Certified Public Accountant

October 21, 2011

# Long CPA, PA

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Board of Education  
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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

### Compliance

We have audited the compliance of Unified School District No. 409, Atchison, Kansas with the types of compliance requirements described in the U.S. Office Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2011. Unified School District No. 409's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Unified School District No. 409's management. Our responsibility is to express an opinion on Unified School District No. 409's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Unified School District No. 409's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Unified School District No. 409's compliance with those requirements.

In our opinion, Unified School District No. 409 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Board of Education  
Unified School District No. 409  
Atchison, Kansas

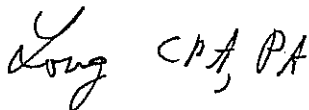
### **Internal Control Over Compliance**

The management of Unified School District No. 409 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Unified School District No. 409's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Long CPA, PA  
A Professional Association  
Certified Public Accountant

October 21, 2011

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the year ended June 30, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor Number	Federal Expenditures
<hr/> U.S. Department of Education <hr/>			
<b>Passed through State Department of Education:</b>			
Title I	84.010	*	\$ 516,448
EHC Flo-Thru	84.027	*	760,592
Program Improvement	84.048	*	21,667
Early Childhood Aid	84.173	*	38,199
Homeless Child FY 2011	84.186	*	5,684
Homeless Child FY 2011	84.196	*	1,741
Tech Literacy	84.318	*	1,542
Title II - Teacher Quality	84.367	*	125,701
Tech Literacy - ARRA	84.386	*	3,118
Title I - Low Income- ARRA	84.389	*	115,903
State Grants (Part B Grants)- ARRA	84.391	*	169,343
State Grants (Part B Preschool) - ARRA	84.392	*	10,081
Stabilization - ARRA	84.394	*	191,009
Education Jobs Fund	84.410	*	334,457
<hr/> U.S. Department of Agriculture <hr/>			
<b>Passed through State Department of Education:</b>			
School Breakfast Program	10.553	*	127,657
National School Lunch Program	10.555	*	460,249
SFS - Food	10.559	*	37,709
Federal School Food Service	10.560	*	542
Total Federal Assistance			<u><u>\$ 2,921,641</u></u>

\* Not available

The accompanying notes to financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the year ended June 30, 2011

A. Summary of Audit Results

1. The auditors' report expresses a qualified opinion on the general purpose financial statements of Unified School District #409.
2. No reportable conditions relating to the audit of the general purpose financial statements are reported in the Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on a Audit of Financial Statements Performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the general purpose financial statements of Unified School District #409 were disclosed during the audit.
4. The auditors' report on compliance for the major federal award programs for Unified School District #409 expresses an unqualified opinion on all major federal programs.
5. Audit findings relative to the major federal award programs for Unified School District #409 are reported in this schedule.
6. The programs tested as major programs included:  
Department of Education  
ECH Flo-Thru - CFDA #84.027, Education Jobs Fund CFDA # 84.410
7. Unified School District #409 was determined to be a low-risk auditee.
8. The threshold for distinguishing types A and B programs was \$300,000.

B. Findings – Financial Statement Audit  
None

C. Findings and Questioned Costs – Major Federal Awards Programs Audit  
Department of Education  
ECH Flo-Thru - CFDA #84.027, Education Jobs Fund CFDA # 84.410

No findings of noncompliance or questioned costs were noted.

The accompanying notes to financial statements are an integral part of this statement

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2011

**NOTE 1 – Basis of Accounting**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Unified School District No. 409 Atchison, Kansas and is presented on the statutory basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Statutory Basis of Accounting** – The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

Unified School District No. 409 has obtained a waiver from generally accepted accounting principles which allows the district to revert to statutory basis of accounting.

**Departure from Generally Accepted Accounting Principles** – The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and mature principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles.

UNIFIED SCHOOL DISTRICT NO. 409  
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**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

June 30, 2011

**NOTE 1 – Basis of Accounting (continued)**

**Departure from Generally Accepted Account Principles (ctd.)** - General fixed assets that account for the land, buildings, and equipment owned by the district are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

**NOTE 2 – Pass-Through Awards**

Unified School District No. 409 receives certain federal awards in the form of pass-through awards from the State of Kansas. Such amounts received as pass-through awards are specifically identified on the Schedule of Expenditures of Federal Awards.

**NOTE 3 – Major Programs**

In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. The ECH Flo-Thru - CFDA #84.027 and the Education Jobs Fund CFDA # 84.410 have been determined by the independent auditor to be a major program.

**NOTE 4 – Contingencies**

The District receives funds under various federal grant programs and such awards are to be expended in accordance with provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of non-compliance. Managements believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material financial impact.